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Market Administrator's *John M. Flury* Bulletin

MARKET ADMINISTRATOR

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Decline In Dairy Sales Levels Out

The Dairy Situation, Economic Research Service USDA, November, 1968

This year, sales of milk and dairy product—measured by commercial disappearances—are leveling out after last year's sharp decline. Sales in 1968 may be down less than 1 percent from last year's 110 billion pounds milk equivalent (fats solids basis). Rising population and prospects for smaller increases in retail dairy prices than in recent years indicate that commercial disappearance may hold about steady or increase slightly in 1969.

For January-September 1968, commercial disappearance of milk in all products was an estimated 82.8 billion pounds (milk equivalent), 0.5 percent below a year earlier. For the same months last year, sales dropped 5.5 percent from a year earlier. The decline slowed in the first half of 1968, and in the third quarter, sales gained about 2 percent over a year earlier.

Among the major dairy products,

sales of butter, cheese, ice cream, nonfat dry milk, and low-fat fluid products gained. However, sales of fluid whole milk, fluid cream, milk and cream mixtures, and evaporated milk were below year-earlier levels.

Butter sales during January-September rose about 2 percent. The increase in butter sales probably reflects steady butter prices during 1968, while most other food prices and consumers' incomes were rising. A gain in butter sales this year would be the first annual increase since 1964.

Cheese sales during January-September gained about 6 percent from a year earlier, compared with 1 percent in the same period of last year. American cheese sales rose about 3 percent in January-September this year; other cheese was up 11 percent.

Sales of cheese have gained more, and made more persistent gains in recent years, than any other major

manufactured dairy product. Since 1950, total cheese sales have risen about 70 percent; sales per person, about 30 percent. In 1969, cheese sales can be expected to rise again.

Frozen dairy product sales are gaining substantially in 1968, after several years of slow growth. Ice cream sales in January-September rose about 5 percent from a year earlier, compared with last year's 2 percent decline. Slightly lower retail prices of ice cream than last year contributed to the gain. Per capita sales this year are expected to rise over 2 percent, to the 1964-65 level. Next year, sales may rise again, but probably not as much as this year.

Nonfat dry milk sales this year through September were up about 8 percent, compared with the 16 percent drop from a year earlier for January-September 1967. The increase this year occurred despite

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Northwestern Ohio

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

	Nov. 1968	Oct. 1968	Nov. 1967
Market Blend (No location Adjustment)	\$5.690	\$5.630	\$5.130
Class I (No Location Adjustment)	6.030	6.030	5.500
Class II	4.190	4.230	3.915
Producer Butterfat Differential for each one-tenth percent	.080	.081	.082

PRODUCTION SUMMARY

Total Lbs. of Producer Milk Delivered	40,321,579	42,539,520	41,359,315
Average Daily Class I Producer Milk	1,099,307	1,061,403	1,083,055
Average Daily Production per Producer	907	921	957
Total Number of Producers	1,482	1,490	1,440
Average B.F. Test of All Producers	3.849	3.719	3.874

UTILIZATION SUMMARY

Amount of Producer Milk in Class I	32,979,211	32,903,486	32,491,635
Amount of Producer Milk in Class II	7,342,368	9,636,034	8,867,680
Percent of Producer Milk in Class I	81.79	77.35	78.56
Percent of Producer Milk in Class II	18.21	22.65	21.44
TOTAL VALUE AT 3.5%	\$2,294,298	\$2,394,975	\$2,121,733.
TOTAL VALUE AT TEST	\$2,402,759	\$2,459,945	\$2,251,129.
INCOME PER PRODUCER (7 Day Average)	\$378	\$373	\$365.

AVERAGE DAILY SALES (Quarts)

Milk	384,177	381,867	396,575
Skim	74,996	74,282	54,021
Buttermilk	6,174	5,290	4,010
Flavored Milk and Drink	31,895	33,402	25,301
Cream	8,779	6,410	9,209

USDA Food Donations Gain In Quantity & Value in Fiscal '68

United States Department of Agriculture

Domestic food donations by the U.S. Department of Agriculture to improve diets of needy people and school children in the year ending June 30, 1968, were up more than 15 percent in volume and nearly 50 percent in value from the previous year.

Distribution of food to all outlets totaled nearly 1.7 billion pounds in fiscal 1968, compared with 1.4 billion in 1967.

Cost of the food amounted to some \$368 million in 1968 as against \$247 million in 1967, due largely to greater availability of such highly nutritious foods as meats, dairy products, and orange juice.

Schools received more than 797 million pounds of donated food during fiscal 1968. And an additional 230 million pounds were acquired through special purchases by USDA's Consumer and Marketing Service for schools taking part in USDA's National School Lunch Pro-

gram. The 797 million pounds is an increase of more than 33 percent compared with a year earlier. The cost of this food was \$220.5 million, 69 percent above the 1967 figure. The fiscal 1968 school donations included more beef, canned meat, butter, cheese, frozen orange juice, and turkeys than in fiscal 1967.

Food donations to the States for distribution to needy persons in family units came to more than 723 million pounds in fiscal 1968, a gain of about 3 percent over fiscal 1967. In June 3.2 million persons received food donations. Another 2.4 million benefited from USDA's Food Stamp Program. Thus, at the end of fiscal 1968, 5.6 million of the Nation's needy in family units were receiving Federal food assistance—compared with a seasonal high of nearly 6 million in March.

USDA food donations for the year to help feed needy adults and child-

ren in charitable institutions and children in nonprofit summer camps came to more than 148 million pounds, an increase of 3.2 percent over a year earlier.

One or more of USDA's food donation programs, carried out through State and local governments, operated in all 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific during fiscal 1968. Needy families in parts of 48 States, 3 territories, and 25 Indian reservations, got USDA-donated food during that period.

The U.S. Department of Agriculture acquires food, suitably processed and packaged, and ships it to the States and territories for use in their school lunch, needy family, and other food-aid programs. Any donated food in these distribution channels may be diverted for immediate use to aid victims of natural disasters.

Dairy Promotion Deduction Effective Now For Kentucky Producers

All purchasers of milk from Kentucky producers are now making 4¢ per cwt. deduction in behalf of American Dairy Association of Kentucky. The set-aside will be used to promote milk in the market where the producers' milk is sold.

This deduction was approved under KRS-247.50 by a majority of dairy farmers voting in referendum, September 21, 1968.

The additional 2¢ program shall be supervised by a committee composed of Kentucky dairy farmers shipping to the Cincinnati market. They will be responsible for the 1969 promotion program.

There is a refund clause for those producers who are dissatisfied with the promotion program. They make their request in writing within 30 days of the deduction, saying they wish a refund. This request can go

directly to the buyer or the ADA of Kentucky. Since all funds deducted for the program must be remitted to the association, ADA of Kentucky will make all refund payments.

Ed Newell, Secretary-Treasurer of ADA of Kentucky stated that the main purpose of the program is to make sure the consumers in the market place keep real dairy products on their shopping list by reaching them with many well planned messages.

U.S. Consumption Up This Year

The Dairy Situation, Economic Research Service USDA, November, 1968

This year increased USDA donation of dairy products is raising consumption to an estimated 116.8 billion pounds milk equivalent (fat solids basis) from 116.1 billion in 1967. This includes both military and civilian consumption. Civilian consumption is estimated at 113.8 billion pounds, down slightly from 1967.

Per capita civilian consumption of milk in all products (fat solids basis)

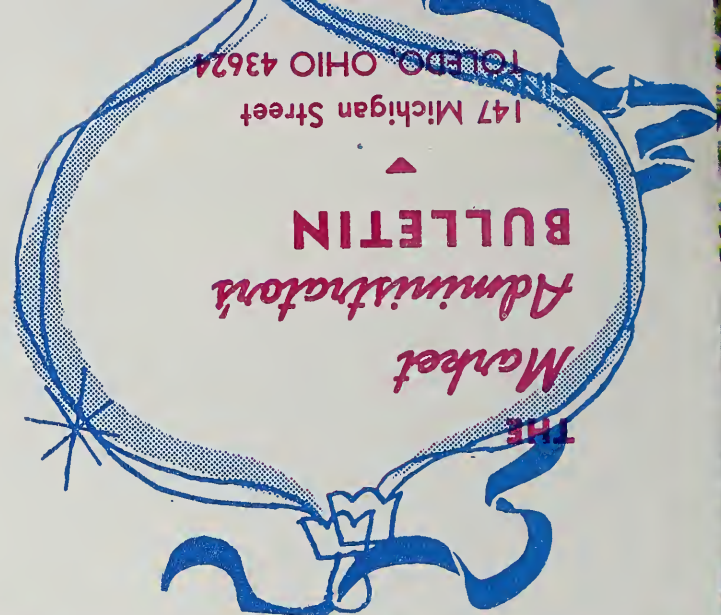
likely will amount to about 476 pounds, down about 1 percent from 1967. This is about the long-time rate of decline, but less than last year's 3 percent loss.

Per capita consumption in 1968 is rising for butter, American and other cheese, frozen products, and nonfat dry milk. Declines are occurring for evaporated and condensed milk, dry whole milk, and the milk

equivalent used in fluid milk & cream.

USDA donations of dairy products this year for domestic military and civilian use are expected to be the equivalent of about 5.3 billion pounds of milk, about 4½ percent of consumption.

Use of home-produced milk in farm households is expected to fall to about 2.8 billion pounds from 3.2 billion in 1967.



USDA Dairy Product Donations Up In 1968

The Dairy Situation, Economic Research Service
USDA, September, 1968

In 1968, USDA is expected to distribute dairy products equivalent to about 4 $\frac{1}{4}$ billion pounds of milk for use in school lunch and welfare programs. This compares with 3.1 billion pounds last year. This year USDA also has purchased evaporated milk and instant chocolate flavored milk beverage mix for distribution to needy persons.

In 1968, USDA resumed donating dairy products for military use, under provisions of Section 202 of the Agricultural Act of 1949. USDA donations of butter and cheese to the military this year are expected to total about 1 billion pounds milk equivalent. Such donations had been discontinued in 1966 when CCC dairy product stocks were depleted. Total domestic donations in 1968 therefore will be near the high 1962-64 average rate of 5.6 billion pounds.

*The Market Administrator
and his Staff
Wish You A Happy
Holiday Season*

Market Quotations

NOVEMBER
1968

MINNESOTA-WISCONSIN PRICE SERIES	\$4.27
Butter-nonfat dry milk price, 3.5% per cwt. (Columbus)	4.19
Average Price per lb. 92-score butter at Chicago	.6679
Average carlot prices, spray process nonfat dry milk, f.o.b. Chicago area manufacturing plants.	.2275

Dairy Sales Level...

(continued from page one)

higher prices for nonfat dry milk and extensive use of lower-priced products (such as dry whey, lactose, and soy products) as ingredients in prepared foods, bakery products, candies, and frozen products. These are large outlets for nonfat dry milk.

In 1969, use of these lower-priced products likely will increase, and sales of nonfat dry milk may gain less this year

Evaporated milk sales in January-September were down about 8 percent compared with about 11 percent in the same period last year. Sales are expected to continue downward next year.

Fluid milk product sales (product pounds) this year are gaining about 1 percent, after falling about 1 percent in 1967. The increase is occurring in low-fat and skim milk items. Sales of these products are rising an

estimated 16 percent this year, compared with about 13 percent last year. On the other hand, sales of both fluid whole milk and cream mixtures continue to fall. These items include nearly half the milk equivalent sold in all dairy products. However, the decline in whole milk items is slowing to about 1 percent after last year's 2.6 percent drop. Cream and cream mixture sales also are declining more slowly than last year.

Sales of filled milk in 19 Federal order markets totaled 5.3 million pounds in August, 0.4 percent of their Class I sales. Almost 70 percent of these sales were in the Central Arizona market, where filled milk sales accounted for about 12 percent of total Class I sales in August. Data on the volume of non-dairy imitation milk sales are not available.

Sales of filled milk in California, 5.8 million pounds in August 1968, have leveled off somewhat in recent months.